

# Public Utilities Commission

Analyst: Milstead

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2005 Total App</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Approp</b>	<b>FY 2007 Request</b>	<b>FY 2007 Gov Rec</b>
<b>BY FUND CATEGORY</b>					
Dedicated	4,541,500	4,179,400	4,638,900	4,501,600	4,452,400
Federal	70,800	52,600	69,500	68,900	68,300
<b>Total:</b>	<b>4,612,300</b>	<b>4,232,000</b>	<b>4,708,400</b>	<b>4,570,500</b>	<b>4,520,700</b>
Percent Change:		(8.2%)	11.3%	(2.9%)	(4.0%)
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	3,258,900	3,131,600	3,390,800	3,337,800	3,288,000
Operating Expenditures	1,329,800	1,062,300	1,265,700	1,196,900	1,196,900
Capital Outlay	23,600	38,100	51,900	35,800	35,800
<b>Total:</b>	<b>4,612,300</b>	<b>4,232,000</b>	<b>4,708,400</b>	<b>4,570,500</b>	<b>4,520,700</b>
Full-Time Positions (FTP)	49.00	49.00	49.00	49.00	49.00

## Department Description

The Idaho Public Utilities Commission was established by the 12th Session of the Idaho Legislature and was organized on May 8, 1913. The Commission oversees the intrastate operation of investor-owned electric, gas, water, and telecommunications utilities, pipelines, and railroads. The Commission does not regulate publicly owned municipal, or cooperative utilities. The Commission serves the citizens and utilities of Idaho by determining fair, just and reasonable rates for utility commodities and services to be delivered safely, reliably, and efficiently, and by ensuring safe and adequate rail services within the state.

After the legislature removed the motor carrier function from the Commission, the Administration, Utilities and Regulated Carriers programs were combined into one program for budgeting purposes. The commissioners are supported by two policy analysts, legal counsel, the utilities division, and an administrative division.

The Administration Division has management, fiscal, personnel and public affairs, pipeline, and railroad carrier responsibilities. It provides support services for the agency (Sections 61-301:337, Idaho Code). The railroad carriers function is responsible to assure that railroads operate safely and that the public is provided adequate rail service (Section 61-509, Idaho Code).

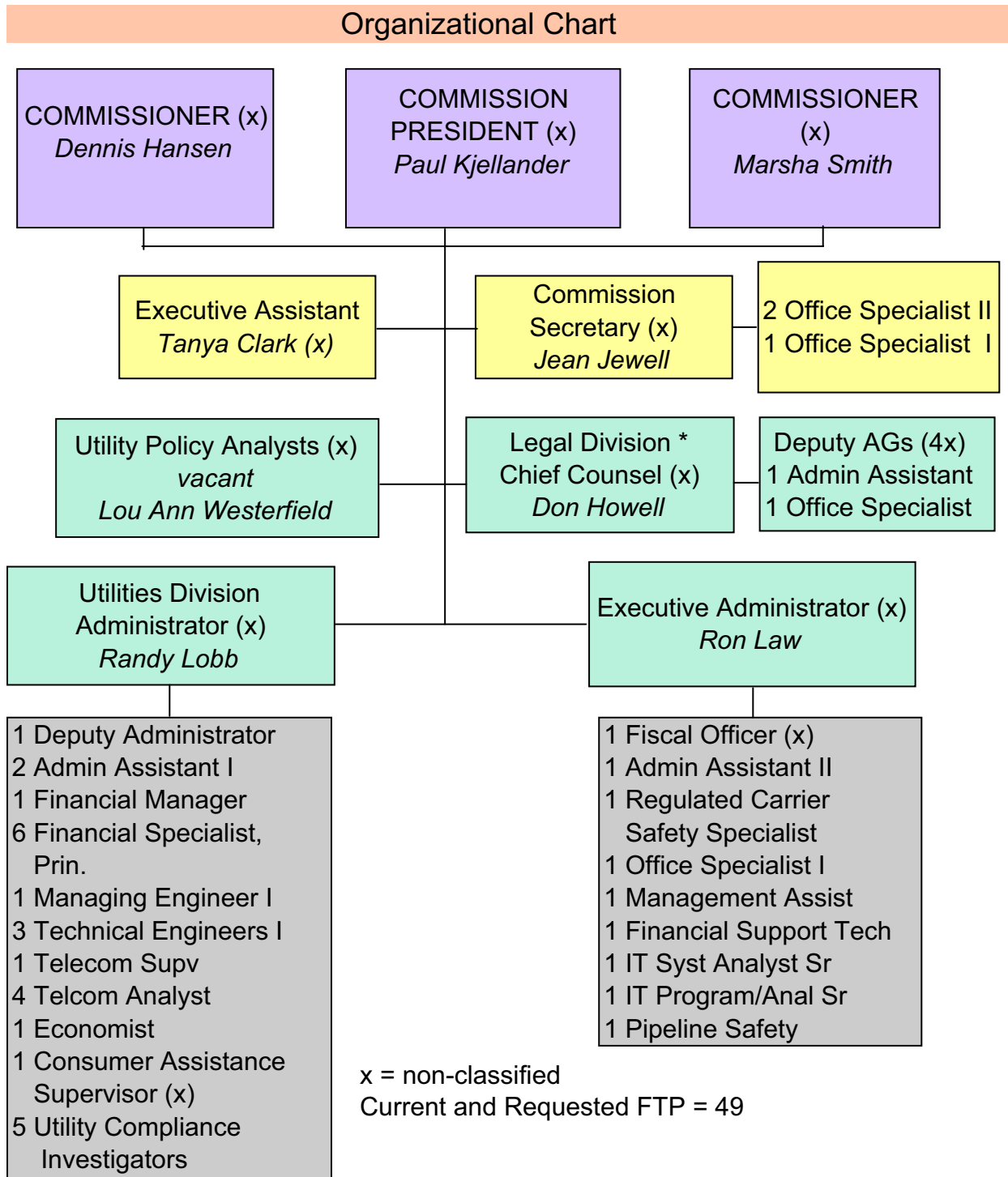
The Utilities Division includes: Accounting, Engineering, Economic, Telecommunications, and Consumer Assistance. The Accounting Section advises the Commission on auditing, accounting, financing, income tax and security issues. It participates in all rate cases to determine proper income, expenses, rate bases and revenue requirements. The Engineering, Economic, and Telecommunications Sections are primarily responsible for economic and engineering analysis of rates, rate design, and cost of service and technical evaluations of company proposals. The Consumer Assistance Section is responsible for handling customer complaints and specialized information requests.

Programs are funded by the Public Utilities Commission Fund which consists of fees collected from the regulated utilities (telephone, power, natural gas, and water corporations) in the amount of not more than 0.3% (currently .2562%) of their intrastate revenues (Section 61-1004, Idaho Code) and from railroad corporations not more than 1% (currently .6726%) of the gross operating revenues derived from the intrastate business. In prior years, General Fund expenditures for the salaries and benefits of the commissioners (Section 61-1009, Idaho Code) were reimbursed to the General Fund at year end from the Public Utilities Commission Fund. However, beginning in FY 2001, the law was changed and Commissioner's salaries are now paid from the PUC Fund.

# Public Utilities Commission

## Agency Profile

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\*Note: Attorneys General are paid through o.e. by contract with the AG's office and do not count as FTPs in this agency.

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### Strategic Planning Act Performance Measures

Selected Measures	FY 2002	FY 2003	FY 2004	FY 2005
1. Number of cases overturned by Supreme Court	0	0	1	0
2. Number of cases completed	202	231	193	216
3. Number of complaints/inquiries received by Commission	6,881	4,708	3,688	2,958
4. Number of pipeline safety inspections	40	40	25	26
5. Number of rail hazardous material violations found	21	103	66	7
6. Number of rail abandonment investigations	0	0	2	2

Fund Information	FY 2003 Act.	FY 2004 Act.	FY 2005 Act	FY 2006 Est.
<b>Public Utilities Commission Fund</b>				
Beginning Free Fund Balance	\$3,924,700	\$4,425,700	\$4,438,100	\$4,534,800
Encumbrances as of July 1	0	0	0	(11,200)
Regulatory Utility Fees (.2577% of intrastate rev)	4,261,500	3,995,800	4,041,900	4,361,000
Utilities Security Issuance Fees	7,100	8,600	1,200	8,000
Railroad Regulatory Fees (.8171% gross op rev)	112,800	66,300	130,200	127,600
Pipeline safety program grant	0	0	86,300	0
Misc. Receipts (filing fees, copy sales, etc.)	3,900	7,900	16,500	4,000
Total Available for Year	8,310,000	8,504,300	8,714,200	9,024,200
Cash Expenditures	3,884,300	4,066,200	4,168,200	4,666,100
Encumbrances as of June 30	0	0	11,200	0
Ending Free Fund Balance*	\$4,425,700	\$4,438,100	\$4,534,800	\$4,358,100

\*The PUC needs to retain a Free Fund Balance of about 50% of the appropriation for cash-flow purposes.

### Fund Sources/Uses

#### FY 2006 Original App.

**Public Utilities Commission Fund (229-20):** Each public utility and railroad corporation annually pays a special regulatory fee in such amount as determined by the Commission. The fee shall not exceed one percent of the gross operating revenues derived from the intrastate business of each railroad corporation and shall not exceed three-tenths of one per cent of the gross operating revenues derived from the intrastate business of each public utility. This fund pays the costs of regulating utilities subject to the Commission's jurisdiction. \$4,638,900

**Federal Grants (348-00):** Federal monies used for physical inspection of intrastate natural gas pipelines and to evaluate pipeline operating procedures. \$69,500

**\$4,708,400**

# Public Utilities Commission

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## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2006 Original Appropriation</b>	<b>49.00</b>	<b>0</b>	<b>4,708,400</b>	<b>49.00</b>	<b>0</b>	<b>4,708,400</b>
HB 395 One-time 1% Salary Increase	0.00	0	27,600	0.00	0	27,600
Omnibus CEC Supplemental	0.00	0	0	0.00	0	28,600
<b>FY 2006 Total Appropriation</b>	<b>49.00</b>	<b>0</b>	<b>4,736,000</b>	<b>49.00</b>	<b>0</b>	<b>4,764,600</b>
Removal of One-Time Expenditures	0.00	0	(199,500)	0.00	0	(199,500)
<b>FY 2007 Base</b>	<b>49.00</b>	<b>0</b>	<b>4,536,500</b>	<b>49.00</b>	<b>0</b>	<b>4,565,100</b>
Benefit Costs	0.00	0	42,300	0.00	0	(56,900)
Inflationary Adjustments	0.00	0	7,200	0.00	0	7,200
Replacement Items	0.00	0	35,800	0.00	0	35,800
Statewide Cost Allocation	0.00	0	(80,600)	0.00	0	(80,600)
Change in Employee Compensation	0.00	0	24,700	0.00	0	45,500
Nondiscretionary Adjustment	0.00	0	4,600	0.00	0	4,600
<b>FY 2007 Total</b>	<b>49.00</b>	<b>0</b>	<b>4,570,500</b>	<b>49.00</b>	<b>0</b>	<b>4,520,700</b>
Change from Original Appropriation	0.00	0	(137,900)	0.00	0	(187,700)
% Change from Original Appropriation			(2.9%)			(4.0%)

# Public Utilities Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2006 Original Appropriation</b>	49.00	0	4,638,900	69,500	4,708,400

## HB 395 One-time 1% Salary Increase

Reflects a one-time 1% Change in Employee Compensation (CEC) increase.

Agency Request	0.00	0	27,200	400	27,600
Governor's Recommendation	0.00	0	27,200	400	27,600

## Omnibus CEC Supplemental

Agency Request	0.00	0	0	0	0
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The Governor's FY 2007 recommendation is a 3% ongoing increase in employee compensation (CEC), based on merit, to commence in FY 2006 with the January 29 pay period. This will allow agencies to fund employee compensation increases for ten pay periods prior to the end of the current fiscal year. Funding for the remaining 16 pay periods is provided in the FY 2007 CEC.

Governor's Recommendation	0.00	0	28,100	500	28,600
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<b>FY 2006 Total Appropriation</b>					
Agency Request	49.00	0	4,666,100	69,900	4,736,000
Governor's Recommendation	49.00	0	4,694,200	70,400	4,764,600

## Removal of One-Time Expenditures

Removes funding providing for HB395, the 27th pay period, and other one-time items.

Agency Request	0.00	0	(197,500)	(2,000)	(199,500)
Governor's Recommendation	0.00	0	(197,500)	(2,000)	(199,500)

<b>FY 2007 Base</b>					
Agency Request	49.00	0	4,468,600	67,900	4,536,500
Governor's Recommendation	49.00	0	4,496,700	68,400	4,565,100

## Benefit Costs

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 6.1% or \$436 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include minor adjustments in unemployment insurance rates and workers compensation rates.

Agency Request	0.00	0	41,700	600	42,300
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Removes the PERSI rate increase and changes benefit costs to reflect a 3.5% or \$250 per FTP increase in health insurance costs. However, the change in health insurance providers, from Blue Shield to Blue Cross, has created a one-time opportunity to use unexpended reserves from the previous contract. This decision unit provides for a health insurance premium reduction equal to two month's premiums for both the employer and employee. Finally, a life insurance holiday is included equal to seven month's premium for the employer's share only.

Governor's Recommendation	0.00	0	(56,100)	(800)	(56,900)
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## Inflationary Adjustments

Includes a general inflationary increase of 1.9% in operating expenditures.

Agency Request	0.00	0	7,200	0	7,200
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Recommended.

Governor's Recommendation	0.00	0	7,200	0	7,200
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Replacement Items</b>					
Reflects LAN component hardware upgrades--\$15,000; replace 16 PCs and monitors per agency's replacement plan--\$20,800.					
Agency Request	0.00	0	35,800	0	35,800
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>35,800</i>	<i>0</i>	<i>35,800</i>
<b>Statewide Cost Allocation</b>					
The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services and includes changes in property and casualty insurance premiums.					
Agency Request	0.00	0	(80,600)	0	(80,600)
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>(80,600)</i>	<i>0</i>	<i>(80,600)</i>
<b>Change in Employee Compensation</b>					
Calculated cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	0	24,300	400	24,700
<i>Provides funding for the remaining 16 pay periods to annualize the 3% ongoing change in employee compensation recommended in the omnibus CEC supplemental.</i>					
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>44,800</i>	<i>700</i>	<i>45,500</i>
<b>Nondiscretionary Adjustment</b>					
Reflects increase in lease cost of PUC office space.					
Agency Request	0.00	0	4,600	0	4,600
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>4,600</i>	<i>0</i>	<i>4,600</i>
<b>FY 2007 Total</b>					
Agency Request	49.00	0	4,501,600	68,900	4,570,500
<i>Governor's Recommendation</i>	<i>49.00</i>	<i>0</i>	<i>4,452,400</i>	<i>68,300</i>	<i>4,520,700</i>
Agency Request					
Change from Original App	0.00	0	(137,300)	(600)	(137,900)
% Change from Original App	0.0%		(3.0%)	(0.9%)	(2.9%)
<i>Governor's Recommendation</i>					
<i>Change from Original App</i>	<i>0.00</i>	<i>0</i>	<i>(186,500)</i>	<i>(1,200)</i>	<i>(187,700)</i>
<i>% Change from Original App</i>	<i>0.0%</i>		<i>(4.0%)</i>	<i>(1.7%)</i>	<i>(4.0%)</i>